

**STUDENT AID PROGRAMS IN STATE-
SUPPORTED COLLEGES**

Report of the
VIRGINIA ADVISORY LEGISLATIVE COUNCIL
To
THE GOVERNOR
and
The GENERAL ASSEMBLY of VIRGINIA



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STUDENT AID PROGRAMS IN STATE-SUPPORTED COLLEGES

Report of

VIRGINIA ADVISORY LEGISLATIVE COUNCIL

RICHMOND, VIRGINIA

June 12, 1951

To: **HONORABLE JOHN S. BATTLE, GOVERNOR OF VIRGINIA**
and
THE GENERAL ASSEMBLY OF VIRGINIA:

The General Assemblies of 1946, 1948 and 1950 successively directed the Virginia Advisory Legislative Council to study and report upon student loan funds and to recommend such changes as might be required under changing conditions. The results of the 1946 and 1948 studies may be found in reports filed with the General Assembly from time to time. The text of the resolution adopted at the 1950 session is as follows:

SENATE JOINT RESOLUTION NO. 14

Directing the Virginia Advisory Legislative Council to study and report on student loan funds.

Whereas, the General Assembly of Virginia in 1948, recognizing that there are many graduates of our high schools who lack sufficient funds to obtain further education who might benefit themselves in this State if they were able to obtain such education, directed the Virginia Advisory Legislative Council to make a study and report on student loan funds in the institutions of higher learning; and,

Whereas, the Council completed the study directed and made a report thereon but found that due to temporary conditions, specifically the benefits available to veterans under Federal legislation, a proper evaluation of the operation of the student loan funds and scholarship programs of the institutions under normal conditions was impossible; now, therefore, be it

Resolved by the Senate of Virginia, the House of Delegates concurring, that the Virginia Advisory Legislative Council is directed to make a study of the operation of the student loan funds and scholarship programs in the State-supported collegiate institutions of higher learning to determine whether such loan funds and scholarships, including endowed scholarships, are meeting the needs of the youth of this State who have the capacity to benefit by, but are economically unable to obtain, college educations.

Resolved, further, that the Council is directed to complete its study and make a report to the Governor and General Assembly of Virginia, setting forth its findings and recommendations, on or before November one, nineteen hundred fifty-one.

The Council appointed W. R. Broadus, Jr., one of its members, to act as chairman of a committee to make a detailed investigation and report on the matter. The following were chosen to assist Mr. Broadus on the Committee: Paul H. Farrier, Director of Admissions, Virginia Polytechnic Institute,

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Blacksburg; B. C. Holtzclaw, Dean of Graduate Students, University of Richmond; Dowell J. Howard, Superintendent of Public Instruction, Richmond; G. Tyler Miller, President, Madison College, Harrisonburg; W. W. Savage, Dean, Longwood College, Farmville; Vincent Shea, University of Virginia, Charlottesville; William F. Tompkins, Medical College of Virginia, Richmond.

The Committee obtained data as to the several types of loan funds and scholarships financed by State funds at the various State-supported colleges, it compiled information as to the operations of the teacher-training scholarship fund, fund balances at the respective institutions, and the practices of the several colleges in connection therewith. Several meetings were held to consider this material, and after thorough study, a report was made to the Council.

The Council has carefully considered the report of the committee and now makes its own report.

The State has had student loan funds for many years, Appropriations are made to the respective institutions to provide funds for loans to deserving students.

In recent years the General Assembly has provided scholarships for persons who will undertake to train themselves as teachers and engage in that calling, scholarships at medical schools for persons who will engage in practice in rural areas, scholarships for those in training as nurses, and some appropriations for scholarships at certain State colleges without specifying in what field the applicant must engage upon his graduation. All of these programs have been affected by the operations of the educational provisions of the G. I. Bill.

Currently, G. I. benefits have largely expired, the teacher training and rural medical scholarships are in full use, and student loan funds are being employed to a greater degree than they have in the previous ten year period.

The Council after a thorough review of the whole matter now submits the following recommendations:

RECOMMENDATIONS

1. A system of scholarships, ranging in amount from \$300 to \$500, should be established for graduates of Virginia high schools who:
 - a. Are needy and satisfy the institution as to their lack of financial resources.
 - b. Rank in the upper fourth of their graduating class or score 106 or more on the American Council of Education test or score in the upper half on a national basis on a similar test.
 - c. Maintain in the freshman year at least a "C" average with no failures, in order to be eligible for such a scholarship in the sophomore year.
2. At first the program in 1 above should be financed by permitting the colleges to use 25% of the surplus in the student loan fund at the respective institutions with not more than half of such amount to be expended in the first year; of such half all should be expended on freshmen except that not more

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than 10% may be reserved for qualified sophomores. In the second year the major part would be expended on freshmen with the remainder being available to sophomores.

3. In the first two years of the program the same should be administered by the authorities at the respective colleges; thereafter the program should be administered by a central agency, such as the State Board of Education, from funds provided by the General Assembly with recipients being able to attend any college, State or private, in this State.

4. In the case of student loan funds the maximum loan should be continued at \$300 per year for academic students and raised to \$500 per year in the case of medical and dental students.

5. Medical internes and residents should be considered as students for the purpose of making loans from student loan funds.

6. The regulations of the Comptroller which are contained in Appendix A should be adhered to by all institutions making student loans.

7. Ten scholarships for dental students who will agree to practice in rural areas (comparable in all respects to the medical scholarships) should be established in the amount of \$1,000 each eight at the Medical College of Virginia and two at Meharry.

8. The scholarships for nurses provided by §23-36.1 of the Code of Virginia, now repealed, should be renewed and amended to delete the requirement of obtaining insurance.

9. The interest rate on student loans should be 2% while the student is in college with the interest rate rising to 4% when the note is renewed after graduation or on leaving college without graduating or on completion of internship in the case of medical students.

10. Student loans should be considered delinquent when not paid or when arrangements satisfactory to the institution have not been made including some curtailment, within 18 months after graduation or leaving the college without graduating or on completion of internship in the case of medical students.

11. The institution making the loan should make every effort to collect delinquent notes for a period of six months following delinquency. At the expiration of such six months' period the notes should be turned over to the State Treasurer for Collection.

REASONS FOR RECOMMENDATIONS

A. Scholarships

(Recommendations 1 - 3)

According to a study made in 1950, 16,349 students graduated from the white public high schools. The upper fourth of this class on the basis of intelligence tests, constituted 4,087 students, and of this group 2,370 attended some institution of collegiate rank following graduation. From the top fourth of the class so scoring on intelligence tests 1,717 did not go to college though highly qualified so to do. The principals of the schools from which these

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students came stated that of this 1,717 students 622 desired to go to college but lacked the money to do so. Why 1,095 did not wish to attend college is a fruitful subject for speculation. It is felt that lack of financial means may have conditioned the answers of many of these students who were reported as not wishing to go to college.

The study further indicated that of the 16,349 white high school graduates 1,046 scored 123 or better on a uniform nation-wide intellectual test. Of this 1,046 students 350 students did not go to college either because they could not or did not desire to go. Thus, from the upper tenth of the graduating classes a group of approximately 350 students who were eminently qualified intellectually did not go to college due to financial and other reasons.

This study bears out the findings of a similar study made in 1949 when about 18,000 students graduated from the high schools. The upper fourth of this group would be 4,500 students. Of this group of 4,500 students 42% did not enter college because the cost was too great.

We are losing the contribution which these students can make to society. Our public school system is designed to lay the foundation for those having the inclination and mental capacity to continue their education in college. The lack of financial resources in all too many cases, as above demonstrated, precludes highly qualified students from attending college and making their potential contribution to society.

We have sought to alleviate this in part by establishing loan funds which may not exceed \$300. These help to a degree but leave the student who is totally without resources almost as badly off as before and still without remedy.

We have several alternatives from which to choose. We can make the cost of college education so low that practically all students can go to college. The disadvantage to this is that those who are able to pay will not do so and the load upon the taxpayer would be greatly increased. We can increase the size of the loan funds and authorize greater loans to individuals. This does not appear practical since few would choose to burden themselves with a crushing load of debt on the first day of entering college. We can provide work opportunity at the colleges. Some of the schools are so situated as to render impractical such a proposal unless it be in the nature of a make-work plan with all of its implications. We can establish a system of scholarships sufficient to pay most of the expenses of students who have no financial reserves. This will cost money but will constitute an investment for the future.

The last alternative presented to the Council appears to be the most practical one in view of all considerations involved. It is proposed to finance the plan by the enactment of legislation authorizing the colleges to use not more than 25% of their loan fund surpluses for the purpose of granting scholarships to needy students. It is proposed that these be handled for the next two years by the individual colleges.

At the expiration of two years a good deal of information will have been obtained and this can be called into play in the devising of a State-wide plan, administered centrally, perhaps by the State Board of Education, under which needy students would be granted scholarships which could be used at any college, State or private, in the State.

This proposal has nothing novel in it. We have scholarships for

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prospective teachers as well as scholarships for medical students who will practice in rural areas.

It is proposed that half of the funds so recommended to be set aside be used the first year of the program. Scholarships would generally be granted only to students who present definite evidence of financial need, who rank in the upper fourth of the graduating class or who have a score of 106 or more on the American Council of Education test or score in the upper half on a national basis on a similar test. These might be renewed for those who in their freshman year maintained at least a "C" average without failing any subject. In exceptional cases some scholarships might be awarded each year to other sophomores meeting the above conditions and who have at least a "B" average as a freshman without any failures. All the scholarships should range from \$300 to \$500 according to need.

It is not the intention of the proposal to afford everyone an opportunity for a college education. It is rather intended to limit the application of the plan to those who have the mental capacity and inclination but lack the financial resources. These students have demonstrated by their high school record that they are qualified. There may be some failures (there are always some of these in any program) but such students will know that they must work at their classes to stay in college.

Some may argue that the scholarships should be continued throughout the four years of college. According to the best thought the first year in college is the hardest. After the student becomes acclimated to college, without the larger part of his time being devoted to employment to pay for this education, he is more likely to be a successful college student. Having learned in his freshman year to adapt himself to college life, he should thereafter in the majority of cases be able with his own labors and loan funds to meet his college expenses. It is for the exceptional cases in the sophomore year that the proviso as to sophomore scholarships is inserted.

There are some who will contend that the plan takes from the individual initiative and self-reliance. That argument carried to its logical conclusion would banish loan funds, medical scholarships, teacher scholarships and other like programs. The Council is of opinion that the State should avail itself of the potential returns which are being wasted through the inability of needy students to gain a college education. The most economical way to do this is through the plan presented. This plan, it should be noted, will eventually permit the student to get his education at the nearest college even though that be a private college. We should make full use of the contributions which our private colleges are making.

B. STUDENT LOAN FUNDS

4. At present a student may borrow up to \$300 per year. This seems sufficient for academic students. The expenses of medical and dental students, however, are materially higher than those of the ordinary college student. For this reason it is recommended that medical and dental students be authorized to borrow up to \$500 per year.

5. Medical internes and residents have not heretofore been considered as students for the purpose of borrowing from student loan funds. In fact, they are continuing their education just as much as a medical student who has not graduated. Internes and residents should be permitted to borrow in order to

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meet their expenses prior to the time that they become self-supporting.

6. The Comptroller has prepared a comprehensive set of regulations covering the making of student loans. These are designed to elicit information both as to need, the integrity of the borrower, and other required data which protects the status of loan funds. The Council is not informed that all colleges are not following these but desires to point out to the colleges that they constitute an excellent guide in the making of such loans though these regulations should be reviewed from time to time, say at the beginning of each biennium. The regulations are set forth in Appendix A of this report.

7. The scholarships which have been established for medical students are gradually getting doctors to settle in rural areas. There is a great shortage of dentists in rural sections. Adequate dental care is highly necessary. It is believed that the public will benefit by the establishment of ten scholarships, eight at the Medical College of Virginia and two at Meharry, in the amount of \$1000 each for dental students who will agree to practice in rural areas at least one year for each year that they receive the scholarship. These scholarships should be similar in all material respects to those provided for medical students.

8. The General Assembly of 1948 created scholarships for students in training for nurses. The legislation has a requirement that the recipient take out insurance payable to the lender in case of death. The cost of this is so high as practically to preclude the operation of the nursing scholarship program. It is recommended that the insurance requirement be deleted. It is not felt that there will be many deaths in this age group.

9. The General Assembly of 1950 authorized the Governor to set the ~~insurance~~ ^{interest} rate on student loans at not less than 2% nor more than 4%. The rate fixed thereunder was 3%. In many cases the student uses a part of the loan to pay up the interest on the loan of the preceding year. It is felt that the ~~insurance~~ ^{interest} rate while the student is in college and not gainfully employed should be low; 2% seems proper. After the student graduates or leaves college and renews the note the interest then should be 4% since ordinarily the student is gainfully employed.

10. There is considerable misunderstanding as to when a student loan should be considered delinquent. This should be clarified. The Council believes that if, in the eighteen months after a student has graduated or left college without graduating or has completed his internship, as in the case of medical students, he has not paid the note or made arrangements satisfactory to the institution, with some curtailment, the note should be considered delinquent. All colleges should adhere strictly to this. This requirement will serve to establish the fact of delinquency. The Council believes that the primary responsibility rests on the institution to take every method, including the use of legal process, to collect delinquent notes. The college has the best information as to the location of the borrower, the status of the endorser, and other information tending to simplify and promote collection. The college should pursue this vigorously for six months following delinquency. At the expiration of such six months' period the notes should be turned over to the State Treasurer for collection. The Treasurer should immediately institute legal proceedings in the name of the State to collect the note.

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CONCLUSION

The Council has made no recommendations as to changes in the teacher training scholarships. They appear to be working satisfactorily, and should be continued.

In view of the prospect of the passage by Congress of some type of compulsory military service the whole student loan and scholarship program may be disrupted. In addition, the scholarship program recommended in this report should be carefully studied during its inception in order that basic legislation may be drawn for future operation of the program.

For these and other reasons the Council recommends that the Virginia Advisory Legislative Council be directed to continue the study of student loan funds and scholarship programs.

Whatever merit this report may have is due to the work of the members of the Committee who took time from their other duties to help the Council.

The Council also wishes to thank the various State agencies and institutions for their cooperation in supplying information and assistance.

Amendments and bills appropriate to the implementation of the foregoing objectives are attached to this report.

Respectfully submitted,

EDMUND T. DeJARNETTE, Chairman
BENJAMIN T. GUNTER, JR., Vice chairman
W. R. BROADDUS, JR.
PAUL CROCKETT
HARRY B. DAVIS
J. D. HAGOOD
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APPENDIX A

July 1, 1939

ADMINISTRATIVE MEMORANDUM NUMBER 2.

To: Institutions of the Commonwealth of Virginia Having State Students' Loan Funds.

SUBJECT: Regulations Governing Terms and Manner of Making Loans from State Students' Loan Funds.

At a conference recently held in Richmond, the problem of establishing uniform procedures governing State students' loans was discussed, and a committee appointed to consider regulations to be issued by the Comptroller.

Section 5 of the Appropriation Act of 1939 (Chapter 428, Acts of Assembly, 1938, pp. 949-50) provided that loans "shall be made the said (Needy Virginia) students upon such terms, as to time and security, as the Comptroller shall prescribe".

The following regulations, agreed to by the Committee, are promulgated in accordance with the requirements of the Appropriation Act, effective July 1, 1939, and are to apply to all loans made from State Students' Loan Funds on and after that date.

1. APPLICATION FOR LOAN

Loans shall be made only when supported by an application signed by the student and attested to by the students' parents or guardian (except when self-supporting or when of age), setting forth at least the following information:

- (a) Name, address, date and place of birth of student, and year in college.
- (b) Amount of Loan applied for, and maturity desired.
- (c) A statement of financial status of the student, setting forth the estimated cash requirements by objects of expense to complete his or her under-graduate education, the sources from which funds will be derived other than from borrowing, and the amount necessary to be borrowed. It is preferable that this should be shown by school years. These figures may be presented in round amounts but should fairly show the financial plan of the student to meet his college expenses.
- (d) Pertinent facts relating to any properties owned, or sources from which the student may expect to receive aid in the future, such as trust funds or undivided interest in estates or properties. This should include data regarding life insurance.
- (e) Details of outstanding obligations of the student at time of application both to the school and to other creditors.
- (f) The names and addresses of at least three references other than relatives or intended endorsers, preferably business men who have some knowledge of the financial status of the student and that of his family.

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- (g) The name, address, relationship to student (if any), occupation and employer of each endorser. There shall be at least one endorser. Both parents when living should be parties to the obligation, if it is at all possible to obtain their endorsements.
- (h) A statement that the borrower is a Virginia student and entitled to the benefits of aid as provided by law.

2. PARENTS' STATEMENT WHEN ENDORSERS

When parents are endorsers, a brief statement shall be made in writing and signed by each parent, giving at least the following facts:

- (a) Name, address, occupation, employer, and estimated annual income.
- (b) An estimate of the net worth of each parent with a basis of computation. (For example, a detail of assets owned, less secured and unsecured obligations). This should include life insurance, also.

3. APPLICATION APPROVAL

Applications for loans shall be approved by the President of the institution, or his appointed representative, place for which approval shall be provided on the application, showing date, amount, and signature of approving official. When a regularly appointed aid committee is functioning, the authority of approval may be delegated to the committee head.

4. CONTENTS OF NOTE

Loans shall be evidenced in writing by a proper signed promise to pay, meeting at least the following minimum requirements, (Before printing notes, the institution should submit their forms to the Comptroller for approval).

- (a) Place (location of institution) and date of execution.
- (b) Amount of note in figures and written out fully.
- (c) Definite maturity as to principal, and not in any instance for a period greater than one year after leaving school. (This is not intended to make renewals impossible, as they may be renewed when interest is paid in full to date for a period of one year when definite promises are made for its payment). A demand note provides certain desirable collection features).
- (d) Rate of interest. (The law provides a minimum of 4 per cent.)
(This has been changed to 3 per cent.)
- (e) Place where note is negotiable and payable.
- (f) The note shall also contain the following: a definite promise to pay the principal amount, the interest, and all collection costs, including attorneys' fees, acknowledgment of value received, and with waiver clauses as to notice of dishonor, homestead exemption, and provision for renewals and extensions of the debt without the approval of all parties to the obligation.

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- (g) The note shall be on a co-maker form and provision must be made on its face for the signature of the student and his address, and also for the signature and addresses of at least two endorsers. When additional endorsers are required, such endorsements may be made on the reverse side of the note.
- (h) All notes shall be numbered serially by each institution.
- (i) The note shall have a space on its face to show check number by which the student was paid the amount of the loan.

5. PRESERVATION OF RECORDS

All application information and endorsers' statements shall be preserved in the files of the institution until the loan or loans have been paid in full.

Sincerely yours,

LeRoy Hodges,
Comptroller

APPENDIX B

Suggested form of amendment to appropriation bill of 1952 (based on § 11 1/2 of Chapter 578, Acts 1950, the appropriation act)

§ _____ The appropriations provided for in this act for making loans to students at the several State institutions shall be expended upon such terms and according to such rules as may be prescribed by the respective governing boards of the institutions for which the appropriations are made, in making loans to needy and deserving students of talent and character from Virginia in said institutions for the purpose of aiding these to obtain an education at such institutions, who might not be able otherwise to do so. The term "student" shall include medical internes and residents as well as other students. Such loans shall not exceed \$300.00 in any one session to the same student. In the case of medical and dental students, loans not to exceed \$500.00 may be made. They shall be made to said students upon such terms, as to time and security, as the Comptroller shall prescribe; provided, however, that the rate of interest charged said students on such loans shall be two per centum per annum while such students are in attendance at such institutions and four per centum per annum when such students graduate, leave college, or complete their internship.

The said State students' loan funds shall be preserved from depletion by the said institutions; and together with the repayments and accretions thereto, shall be held and used for the purpose, and on the terms, specified in this act and no other; and each of said institutions shall annually, not later than July in each year thereafter, file, in the office of the Superintendent of Public Instruction, a statement, in detail, showing for the year past the amounts received by said funds, or the loans made, to whom made, and upon what terms, the amount of the corpus of said funds, the amounts repaid to said funds, and from whom, and any other information deemed pertinent by the institution so

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reporting, or which may have been requested by the Superintendent of Public Instruction.

The Comptroller shall make no payment to any of the said institutions on account of the said students' loan funds unless and until the institutions applying for such payment shall have furnished the said Comptroller a certificate from the Superintendent of Public Instruction that such institution has complied, in all respects, with the foregoing requirements of this act in relation thereto.

The Auditor of Public Accounts shall annually audit and exhibit in his annual report the account of the said funds at each of the said institutions.

Where the student loan fund created by State appropriation is inadequate in amount at any institution to carry out fully the purpose for which this fund was established, the governing board and president of such institution, with the written consent and approval of the Governor first obtained, is authorized, for the purpose of providing an additional student loan fund, to borrow from such sources and on such terms as may be approved by the Governor an amount not to exceed \$20,000, and to provide for such extensions or renewals of such loans as may be necessary. Such fund shall be used only in making loans to students in the same circumstances and under the same terms and regulations, as are herein prescribed for loans from the fund created by the State appropriations and for no other purpose whatever. The repayments and interest accretions to said fund shall be used so far as may be necessary to repay the indebtedness of the institution created by the governing board and presiding officer thereof, in establishing said additional student loan fund. Such additional amounts may be borrowed by the governing board and president of the institution, with the Governor's approval, from time to time, as may be necessary to maintain the amount of said additional loan fund, whether in cash or notes receivable or both, including all amounts heretofore borrowed and not repaid, at \$20,000.

Accounts shall be kept and reports rendered for all such additional loan funds in all respects as herein required for loan funds created by State appropriations, and the Auditor of Public Accounts shall annually exhibit in his report the amounts of the said additional loan funds at each institution.

It is hereby provided that the governing board of any State institution for which a Student Loan Fund has been established may, with the written approval of the Governor, cancel any indebtedness due such institution on account of a loan or loans made from such fund when such indebtedness has been outstanding more than fifteen years, and in the opinion of the president and governing board of the institution is uncollectible. Upon the cancellation of any such indebtedness a statement thereof describing the obligation in detail and the date of its cancellation shall be certified by the president of the institution to the Comptroller.

A loan to a student hereunder shall be deemed delinquent when not paid if due or when arrangements satisfactory to the institution have not been made, including some curtailment, within eighteen months after (a) graduation or (b) leaving the institution without graduating, or (c) completion of intership in the case of medical students.

The institution making the loan shall make every effort to collect the same when delinquent within the six month period following delinquency. If not collected within such six month period, the institution shall forward the same

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to the State Treasurer for collection, who shall promptly collect the same.

§ _____. Each institution to which appropriations for student loans are made under this act is authorized to employ not exceeding twenty-five per centum of the unobligated balances in such fund available to the institution as of June 30 of each fiscal year to establish a system of scholarships for graduates of Virginia high schools in accordance with the terms hereof:

(a) Any freshman student granted any such scholarship shall maintain at least a "C" average in his classes, without failure in any class.

(b) Not more than ten per centum of such scholarships shall be reserved for students in the sophomore year who have maintained at least a "C" average in their classes, without failure in any class, in their freshman year. The institution may award such a scholarship to a student in the sophomore year who did not receive such an award in his freshman year provided such student maintained in his freshman year at least a "B" average in his classes without failing any class.

(c) The scholarships for freshmen shall be granted only to Virginia high school graduates who (a) rank in the upper fourth of their graduating class or (b) score at least 106 or more on the American Council of Education test or (c) score in the upper half of their class, on a national basis, on a similar test.

(d) No scholarship provided for under this section shall be awarded to any person not a graduate of a Virginia high school nor then unless and until the applicant is needy and has satisfied the institution as to his lack of financial resources. No such scholarship shall exceed five hundred dollars or be less than three hundred dollars.

A B I L L

To amend the Code of Virginia by adding a section numbered 23-36.3 creating certain dental scholarships and providing for the administration thereof; and to appropriate funds.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia be amended by adding a section numbered 23-36.3 as follows:

§ 23-36.3. The governing boards of the Medical College of Virginia and of Virginia State College are authorized to establish, as to the first, eight annual dental scholarships, and as to the second, two annual dental scholarships, to be awarded to Virginia students attending the Medical College of Virginia and Meharry Medical College, Nashville, Tennessee, respectively, each of the value of one thousand dollars to be awarded and paid as hereinafter provided.

The provisions of this chapter governing the award of medical scholarships and the discharge thereof, shall apply mutatis mutandis to the dental scholarships herein created.

2. There is hereby appropriated from the general fund of the State Treasury

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for each year of the biennium beginning July 1, 1952 the sum of eight thousand dollars to the Medical College of Virginia and the sum of two thousand dollars to Virginia State College to be expended as in this Act provided.

A B I L L

To amend the Code of Virginia by adding a section numbered 23-36.2 creating certain nursing scholarships and providing for the administration thereof.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia be amended by adding a section numbered 23-36.2 as follows:

§ 23-36.2. Nursing scholarships.--The governing board of the Medical College of Virginia may establish twenty annual nursing scholarships, five of which shall be made available to members of the Negro race, and the governing board of the University of Virginia may establish fifteen annual nursing scholarships, which thirty-five scholarships hereby authorized shall be of the annual value of one hundred dollars each, and shall be awarded and paid subject to the conditions and restrictions set out in the following subsections:

(1) Each applicant for any such scholarship must be a bona fide resident of the State of Virginia when such scholarship is awarded. The awards shall be made upon such basis, competitive or otherwise, as may be determined by the president or other proper officer of the school with due regard to the scholastic attainments, character, and adaptability of the applicant for the service contemplated in such award; provided, that no award shall be made if the applicant fails to possess the requisite qualifications.

(2) Before any such scholarship is awarded the applicant shall sign a written contract under the terms of which she agrees to pursue the nursing course of the school awarding the scholarship until completion and thereupon to promptly begin and thereafter engage continuously in nursing work in the State of Virginia, for a period of years equal in number to the years that she has been or shall be a beneficiary of any such scholarship or scholarships. The contract shall provide that if the applicant shall fail to comply with the provisions thereof or any of them she shall repay to the school all amounts received by her as a beneficiary of such awards, such repayment to be upon such terms and conditions as may be determined by the school. Such contract shall contain such other provisions as may be necessary, in the opinion of the president or other proper officer of the school, to accomplish the purposes of the scholarships.

(3) As further evidence of the promise of such recipient to make such repayment, as to each scholarship awarded her in the event she shall fail or refuse to fulfill the conditions and requirements herein specified as to such scholarship, she shall, when such scholarship is awarded, be required to execute and deliver to the school awarding the scholarship a note in the principal sum of one hundred dollars, with interest at not less than two nor more than four per centum, which note shall be accepted by the school upon the condition that such note, and any other similar notes so given, shall be

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cancelled by the school upon the basis of one note for each year in which she shall continuously engage in nursing work in the State of Virginia; provided, however, that no recipient of any such scholarship shall be permitted to plead the statute of limitations or interpose a plea of infancy in the event of an action being brought against her on any such note.

(4) All money repaid by any such recipient shall be placed in a special fund which shall be used for nursing scholarships in accordance with the provisions of this section.

(5) Each such scholarship shall be awarded for a single year, but the same student shall, after making satisfactory progress towards completion of her training in the school, receive such award for any succeeding year or years, provided no student shall receive any such scholarship for more than a total of three years.

(6) The funds making up each such scholarship shall be paid to the recipient thereof, or applied to the payment of her expenses, at such medical school, in such amounts and at such times during such school year as may be determined by the president or other proper officer of the school; provided, however, that no recipient shall receive for any such scholarship less than one hundred dollars.